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Costa Rican Labor Movement Gears Up for Peaceful Struggle Against Economic and Tax Policies

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Costa Rica's labor movement is gearing up for what could be a year of peaceful, nonetheless determined, protests against this Central American nation's economic-–specifically salary—and tax policies.

What triggered the decision for mobilization was the salary raise for this year's first semester for both private-sector and state workers, an adjustment considered insufficient by the country's working class.

Another factor is the tax-reform bill (Plan de Solidaridad Tributaria) that the government has presented the unicameral 57-member Asamblea Legislativa (AL).

In the first case, the periodic negotiations within the Consejo Nacional de Salarios (CNS)—made up of government, private sector, and labor representatives—resulted, for the first half of 2011, in raises of 2.63% and 2.33% respectively for private and state employees.

The percentage hammered out during negotiations in October 2010 for private-sector workers was exactly what the Unión Costarricense de Cámaras y Asociaciones de la Empresa Privada (UCCAEP) had proposed, however unfair the workers' leaders said the amount was.

As for the public sector, the increase was decreed by the government, as is usually the case when the parties are unable to reach an agreement, which is precisely what happened after tough negotiating in January of this year.

On the tax-reform bill, the government's position, explained by Costa Rica's First Vice President Luis Liberman, a banker and businessman, is that the initiative aims at "laying out and consolidating a sustainable fiscal situation."

Liberman said that, by taxing private services and establishing controls on taxes actually being paid, the bill targets the wealthy, not the poor.

The vice president points to figures such as that 8% of students go to private schools and high schools or that the top three-fifths of the population, "not the poorest people," use 90% of private medical services.

Thus, by seeking to apply a 10% tax to private education or 14% on private medical services, as is stated in the bill presently being examined in the legislature, "people with low income will not be really affected by the plan," in the government's view.

But on the labor movement's side the view is altogether the opposite, and the official social figures are deemed incorrect.

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The middle class, Costa Rica's social and economic backbone, makes a major effort to use private education and medicine and, at the same time, is severely hit by the country's worsening social and economic situation, according to this assessment.

The gap between haves and have-nots is widening, thus increasing the numbers of Costa Rica's middle class who are becoming poor, warn union and other civil-society leaders.

But Liberman says that "middle class is middle class, not poor people."

The Instituto Nacional de Estadística y Censos (INEC) places Costa Rica's population just above 4.5 million, and, according to its latest estimates, during 2009-2010, the country's poor grew from 20.6% to 21.3%, while those in extreme poverty barely dropped from 6.1% to 6.0%.

As the population expands in numbers so do Costa Rican poor, since the percentage of people living below the poverty line has settled around the 20% level for roughly the past two decades.

The nation's work force tops 2 million people, while its jobless figure went down from 8.4% to 7.3%, says INEC. At the same time, inflation for last year was 5.82%, higher than the 4.05% it reached in 2009. The item weighing more for the 2010 inflation rate was rent and household services (10.19%), reported INEC.

Within this context, Costa Rica's labor movement warns that the country's working class is about to be hit by a combination of low salaries plus high taxes, and it is thus preparing to act.

Edgar Morales, assistant secretary-general of the Asociación Nacional de Empleados Públicos y Privados (ANEP), told NotiCen that Costa Rican unions are deeply concerned about the country's grim economic and social outlook. He said the concern stems from the weight of two of the nation's most influential political leaders—former President Óscar Arias (1986-1990, 2006-2010) and his brother Rodrigo, former minister of the presidency and a strong presidential hopeful for the 2014 elections.

"To begin with, we are extremely concerned—and when I speak of 'we' I speak of the Costa Rican labor movement in general—because the Arias' are ruling this country," said Morales.

Costa Rican President Laura Chinchilla, who served as first vice president and simultaneously as minister of justice in the second Arias administration, "has no policies of her own," said the union leader, adding that the government "keeps up a policy of frozen salaries-–both for the public sector and the private sector—with a tax package to be dropped on the shoulders of the working class."

"Because, they say the middle class is to pay for the package, but we already know that in Costa Rica, in effect, the middle class are those of us who earn a salary, those of us who are workers," said Morales. "And so, we know the only way to stop that policy dictated from Rohrmoser, basically, and from Heredia, basically, is with the people on the move."

Morales was referring to the exclusive West San José section of Rohrmoser, where former President Arias lives, and to the central Costa Rican city of Heredia, some 11 km north of the capital San José, where former minister Arias lives and where both leaders of the ruling social democrat Partido Liberación Nacional (PLN) were born.

"It's not fair that those of us who are not responsible for the [socioeconomic] crisis are the ones to keep paying for the crisis," stressed the leader of ANEP, one of the major Costa Rican workers

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unions, which includes only public-sector employees, since private-sector workers unions are de facto banned by employers.

"The workers, the people, are not responsible for the crisis. Those responsible for the crisis are big business people and big neoliberals, and they should be the ones to...pay for the crisis," Morales added.

A massive, peaceful demonstration is scheduled for March 10, "and we hope many people mobilize" then, said Morales.

The platform for the march includes two basic demands. "Number one, we're against this tax package that they're dropping basically on workers, and also on the popular classes, because we workers are a part of the popular class," Morales said. "We march against that package, and also, of course, against the frozen-salary policy, because the policy is not only to freeze salaries in the public sector, it's also for the private sector."

"A 2.33% raise for the public sector means freezing salaries, but a 2.63% raise for salaries in the private sector-–where the majority don't even make the minimum legal wage—also means freezing salaries," Morales said.

Minimum wage in the public sector is 219,000 colones (US$430) a month, while for the private sector it's 187,000 colones (US$374).

"In a country where 700,000 Costa Rican workers don't make the legal minimum, that's freezing salaries," Morales reaffirmed. "That means a family of four, in the private sector, for example, can barely buy rice, beans [basic local staples]," and pay "the water bill, the light bill, and the phone bill...sugar, salt; it "covers the basics."

"A private-sector worker barely...survives, he or she doesn't live decently," Morales said. "Well, that policy has to be fought against."

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